



**PUBLIC UTILITIES COMMISSION
STATE OF HAWAII**

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**Hawaii PUC Advances Efforts to Lower Electricity Costs, Improve Service and Achieve
the State's Clean Energy Goals**

HONOLULU – Hawaii's Public Utilities Commission (PUC) issued a decision and order today to prioritize new regulations designed to lower electricity costs, improve customer service, expand customer choices, and cost-effectively meet the state's clean energy goals.

In 2015, Hawaii adopted a first-in-the-nation 100 percent renewable energy target by 2045. Today's decision is a major milestone in the development of new performance-based regulations aimed at supporting Hawaii's national leadership to build a clean-energy future.

The PUC's decision establishes a portfolio of performance-based regulation (PBR) tools intended to update traditional cost of service regulation with a new framework that will deliver immediate, "day one" savings to customers, while rewarding the HECO Companies for exemplary performance in achieving specific outcomes, including increased renewable energy integration and improved customer service.

"The Commission's decision is an important next step to support Hawaii's energy transition to a cleaner, more resilient, and more cost-competitive energy supply," said PUC Chair James Griffin. "We are committed to a collaborative process that ensures this transition includes input from all stakeholders."

While the traditional regulatory structure encourages utilities to make large investments in new power plants and the electric grid in order to earn a profit, the performance-based framework established by the Commission will allow the utilities to earn profits for exemplary business performance. This new framework should result in immediate customer benefits, including reducing what are now the highest electricity rates in the United States.

The utility will have the opportunity to earn additional revenue if it achieves performance targets, including set goals to strengthen its relationship with customers and accelerate the installation of new clean energy technologies, such as the faster connection of rooftop solar and battery storage

systems. The new PBR tools will help electric utilities operate more like a business in the competitive marketplace, with performance rewards that steer the utility toward achieving the state's goals, at reasonable cost to customers.

"By developing a new framework that facilitates a durable partnership between the utility, energy service providers, renewable power producers, and the communities they serve, we are supporting the most efficient and effective investments in Hawaii's clean energy future, while preserving system integrity and rewarding operational excellence," said Commissioner Jennie Potter.

In the longer term, updated regulations will speed Hawaii's transition to renewable energy, reduce the state's heavy reliance on imported oil, grow investment in clean energy produced in Hawaii, and strengthen the ability of the state's communities to respond to severe weather or unexpected events.

"Today's announcement is a down payment on a clean-energy future for Hawaii," said Commissioner Leo Asuncion, Jr. "Through this new framework to align HECO financial incentives with the state's clean energy goals, customers can expect lower electricity bills, a stronger grid, more access to clean, locally produced energy, and greater choice in how and when they use it."

The PUC will issue a convening order initiating the next phase of the regulatory process in June 2019.

The full text of the Commission's decision may be found on the PUC's website at: <https://puc.hawaii.gov/energy/PBR/>. Further filings related to this investigation are available on the PUC's Document Management System, under Docket No. 2018-0088, at <http://dms.puc.hawaii.gov/dms/>.

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